



U. S. ENERGY / CRESTED CORP.

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13 October 1998

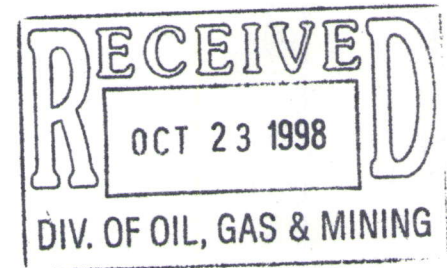
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M/017/001
M Mine

Hayes H.

Ms. Mary Ann Wright
Associate Director, Mining
State of Utah
Department of Natural Resources
Box 145801
SLC, UT 84114-5801



RE: The Shootaring Project

Dear Ms. Wright:

This is just a quick note to thank you for taking the time to meet with Fred Craft, myself and Bob Rampton with W. S. Adamson & Associates to discuss our progress at the Shootaring Project in southern Utah. As discussed, we are continuing to prepare the mill for full operation. This means obtaining all of the requisite permits/licenses, updating the computer system etc., prior to production. Of course, the market price of uranium must cooperate as well.

I will forward a copy of our brochure that describes the Shootaring Project for your files, once it is printed. If you or your staff have additional questions regarding our progress, please feel free to give me a call at any time.

With best regards,


Hal Herron
V. P.